

BEFORE THE ARIZONA CORPORATION C



JIM IRVIN
COMMISSIONER - CHAIRMAN
RENTZ D. JENNINGS
COMMISSIONER
CARL J. KUNASEK
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF I-)
LINK COMMUNICATIONS, INC. FOR A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY TO PROVIDE COMPETITIVE)
INTERLATA/INTRALATA RESOLD)
TELECOMMUNICATIONS SERVICES EXCEPT)
LOCAL EXCHANGE SERVICES.)

DOCKET NO. T-03259A-96-0494

DECISION NO. 61168

ORDER

Arizona Corporation Commission
DOCKETED

OCT 08 1998

DOCKETED BY *[Signature]*

Open Meeting
October 6 and 7, 1998
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On September 12, 1996, I-Link Communications, Inc. ("I-Link" or "Applicant") filed with the Commission an application for a Certificate of Convenience and Necessity ("Certificate") to provide resold telecommunications service in the State of Arizona.¹

2. In Decision No. 58926 (December 22, 1994), the Commission found that resold telecommunications providers ("resellers") were public service corporations subject to the jurisdiction of the Commission.

3. In Decision No. 59124 (June 23, 1995), the Commission adopted A.A.C. R14-2-1101 through R14-2-1115 to regulate resellers.

4. I-Link is a Utah corporation which has been qualified to conduct business in Arizona since 1996.

5. I-Link is a reseller which purchases telecommunications services from various vendors.

¹ The application was filed under the name "Family Telecommunications, Inc. dba FTI Communications". On August 25, 1997, Applicant stated that after a stock acquisition, its name was changed to "I-Link Communications, Inc." Applicant indicated that it may continue to do business in some jurisdictions under the names "FTI Communications" or "Family Telecommunications."

5. I-Link is a reseller which purchases telecommunications services from various vendors. I-Link provides switching services.

6. On June 19, 1998, the Commission's Utilities Division Staff ("Staff") filed a Staff Report.

7. The Staff Report stated that I-Link provided audited financial statements for the year ended December 31, 1997, which indicated that it had a net loss of \$29 million, and reported negative retained earnings of \$56 million.

8. Staff stated that as Applicant shows the ability to raise new capital and operating revenues, it appears to possess the financial resources necessary to conduct its business in Arizona.

9. In order to protect the public interest, it is appropriate to require that if Applicant desires to receive prepayments, advances or deposits from its customers, it should establish an escrow account as described below.

10. The Staff Report stated that Applicant has no market power and the reasonableness of its rates would be evaluated in a market with numerous competitors.

11. Staff recommended that:

(a) Applicant's application for a Certificate should be approved subject to A.A.C. R14-2-1106.B;

(b) Applicant's intrastate toll service offerings should be classified as competitive pursuant to A.A.C. R14-2-1108;

(c) Applicant's competitive services should be priced at the effective rates set forth in Applicant's tariffs and the maximum rates for these services should be the maximum rates proposed by Applicant in its tariffs. The minimum rates for Applicant's competitive services should be Applicant's long run incremental costs of providing those services as set forth in A.A.C. R14-2-1109. Any future changes to the maximum rates in Applicant's tariffs must comply with A.A.C. R14-2-1110;

(d) Applicant should be required to comply with the Commission's rules and modify its tariffs to conform with these rules, if it is determined that there is a conflict between Applicant's tariffs and the Commission's rules; and

(e) The application may be approved without a hearing.

12. By Procedural Order dated July 9, 1998, the Commission set a deadline of August 10, 1998 for filing exceptions to the Staff Report; requesting that a hearing be set; or requesting intervention as interested parties.

13. No exceptions were filed to the Staff Report, nor did any party request that a hearing be

1 set, nor were any requests for intervention filed with Docket Control.

2 **CONCLUSIONS OF LAW**

3 1. Applicant is a public service corporation within the meaning of Article XV of the Arizona
4 Constitution and A.R.S. §§ 40-281 and 40-282.

5 2. The Commission has jurisdiction over Applicant and the subject matter of the application.

6 3. Notice of the application was given in accordance with the law.

7 4. As conditioned below, the provision of competitive interLATA/intraLATA reseller
8 services in Arizona by Applicant is in the public interest.

9 5. With the conditions contained herein, Applicant is a fit and proper entity to receive a
10 Certificate for providing competitive interLATA/intraLATA reseller services in Arizona.

11 6. Staff's recommendations in Findings of Fact No. 11 are reasonable and should be adopted.

12 **ORDER**

13 IT IS THEREFORE ORDERED that the application of I-Link Communications, Inc. for a
14 Certificate of Convenience and Necessity for authority to provide competitive interLATA/intraLATA
15 resold telecommunications services except local exchange services shall be, and the same is, hereby
16 granted, as limited below.

17 IT IS FURTHER ORDERED that I-Link Communications, Inc. shall comply with the Staff
18 recommendations set forth in Findings of Fact No. 11.

1 IT IS FURTHER ORDERED that I-Link Communications, Inc. shall not be authorized to charge
2 customers any prepayments, advances or deposits, unless within thirty days of this Decision it establishes
3 an escrow account or posts a bond equivalent to one year of prepayments, advances or deposits to be
4 received from Arizona customers, in advance of receipt of the prepayments, advances or deposits. If in
5 the future I-Link Communications, Inc. desires to initiate such charges, or to terminate its escrow account
6 or bond, it must file information with the Commission that demonstrates the company's financial
7 viability. Staff shall review the information and file its recommendation concerning financial viability
8 within thirty days of receipt of the financial information, for Commission approval.

9 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

10 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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13 COMMISSIONER - CHAIRMAN

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COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JACK ROSE, Executive Secretary of the Arizona
Corporation Commission, have hereunto set my hand and caused the official seal
of the Commission to be affixed at the Capitol, in the City of Phoenix, this
8th day of Oct, 1998

JACK ROSE
EXECUTIVE SECRETARY

DISSENT
BMB:bbs

1 SERVICE LIST FOR:

I-LINK COMMUNICATIONS, INC.

2 DOCKET NO.:

T-03259A-96-0494

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